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The Treasury Note

A monthly newsletter of Municipal Finance
December 1, 1999

Year 2000

As January 1, 2000 nears, the State would like to assure its bondholders that it has taken a proactive approach to the Year 2000 (Y2K) computer problem. The Y2K problem is the inability of some computers and computer software to properly manipulate dates and date-related data in the year 2000.

The State's reliance on information technology in every aspect of its operations has made Year 2000-related information technology issues a high priority for the State. The State has been actively working on resolving the Y2K problem since 1996. The Department of Information Technology, an independent office reporting directly to the Governor, is responsible for ensuring the State's information technology processes are fully functional before the year 2000.

The systems for bond payments are fully Y2K compliant. This compliance is defined as fault-free performance in processing of date and date-related data (including, but not limited to, calculating, comparing, and sequencing) by the custom system applications developed by the Information Services Division and by the software products purchased from vendors. Fault-free performance includes the error-free/event-free manipulation of data with dates prior to, through, and beyond January 1, 2000. The State is actively working with the outside entities with which it interfaces to ensure that they are also compliant. The State is confident that Y2K will not pose a problem in delivering payments to its bondholders.

For more information regarding the State's efforts to achieve Y2K compliance, please visit our website at:

<http://www.treasurer.ca.gov/pdf/y2000.pdf>



Season's Greetings



Recent State Bond Sales

If you are interested in purchasing the bonds mentioned below, please contact your broker.

Veterans General Obligation Bonds

The State conducted a bond sale for the Department of Veteran Affairs on October 28, 1999, selling a total of \$60,000,000 in general obligation bonds at a true interest cost of 6.277 percent. The bonds, insured by AMBAC, were rated AAA, Aaa, and AAA by Fitch IBCA, Inc., Moody's Investors Service and Standard & Poor's, respectively. The base CUSIP number for this issue is 130629.

The bonds will support the financing of long-term loans to California military veterans for the purchase of farms and homes under the Farm and Home Purchase Program of the State Department of Veterans Affairs. Since its inception in 1921, over 407,000 veterans have benefited from loans provided by this program.

State Public Works Board, Veterans Home

The State conducted a bond sale for the State Public Works Board on November 18, 1999, selling a total of \$16,470,000 in lease revenue bonds at a true interest cost of 5.450 percent. The bonds, insured by AMBAC, were rated AAA, Aaa, and AAA by Fitch IBCA, Inc., Moody's Investors Service and Standard & Poor's, respectively. The base CUSIP number for this issue is 13068H.

The bonds will fund the design and construction of a 400-bed, 210,000 square foot veterans home located in Chula Vista that is due to open next April. An estimated 300,000 veterans live in the San Diego area and over one million live within a 100 mile radius. There are currently over 1,200 veterans on the waiting list for the facility's 400 beds. There will be 180 beds for skilled nursing, 50 beds for assisted living, and 170 beds for residential care.

Listing of Redemptions

The item below reflects the only redemption officially announced as of December 1, 1999.

California Housing Finance Agency, Single Family Mortgage Purchase Bonds, 1976 Series A, Dated Date: December 1, 1976 (Full Redemption). All bonds will be redeemed on January 1, 2000.

For questions regarding the purpose or timing of this call, or for redemption or registration information, please call (800) 900-3873.

Frequently Asked Questions?

Q: Will I be notified if my State of California bonds are called?

A: If you own Bearer bonds, notices of any impending calls are published in financial newspapers such as the Bond Buyer. If you hold registered State of California bonds, a notice will be mailed to you prior to the redemption date. If you own a book-entry bond please check with your broker for the firm's procedures regarding call notices.

Q: Will I be receiving a 1099-B notice from your office for the 1999 tax year, and if so when should I expect to receive it?

A: If you received a redemption payment from the State Treasurer's Office in 1999 you will receive a 1099-B notice. If you have received taxable interest payments from our office in 1999, you will receive a Form 1099-INT. Our office will mail out both of these forms on or before January 31, 2000. Please call the *Bondholder Services Section* at (800) 900-3873 if you have questions regarding the 1099-B notice or Form 1099-INT.

For Your Information

Top 20 Institutional Investors California General Obligation Bonds

(Amounts in thousands)

Rank	Management Company	Amount Held
1	Franklin Resources, Inc.	\$754,140
2	Nuveen Advisory Corporation	317,625
3	State Farm Insurance Companies	313,800
4	AIG Global Investment Group	310,690
5	Putnam Investment Management	305,985
6	Merrill Lynch Asset Management	267,945
7	Fund Asset Management Inc.	183,210
8	Vanguard Group	182,565
9	Hartford Investment Management	181,845
10	Wells Fargo Investment Management	165,450
11	American RE Asset Management	133,275
12	Citigroup Investments Inc.	127,830
13	Dreyfus Corporation	126,870
14	Scudder Kemper Investments, Inc.	124,710
15	St. Paul Companies, Inc.	117,805
16	Van Kampen	114,995
17	CNA Insurance Companies	98,995
18	CIBC World Markets Corp.	97,210
19	Fidelity Management & Research	88,345
20	American Century Investment Management	84,975

Source: *FIRST CALL - BondWatch October 1999*

Information & Assistance



To receive The Treasury Note monthly, enroll for direct deposit of your payments, or for bond-related questions, please call (800) 900-3873.

Bond Sales Calendar*

If you are interested in purchasing any of these bonds, please contact your broker two weeks before the sale date. For updated information regarding upcoming sales, please contact the *Debt Issuance Section* at (800) 900-3873.

BOND SALES	AMOUNT	SALE DATE
Various Purpose General Obligation Bonds	\$500 million	12/1/99

*Subject to change without notice. Updates can be obtained at www.treasurer.ca.gov